



CONGRESSMAN JIM SENSENBRENNER NEWS FROM CONGRESS

NUMBER 150 -- SEPTEMBER 1999

CONGRESS COMES THROUGH WITH COMMON SENSE DEBT REDUCTION AND TAX RELIEF PACKAGE

Last month, the House and the Senate passed a Republican debt reduction and tax relief plan that allows Americans to keep more of their hard-earned money, *while at the same time significantly reducing the national debt over the next five years.* This legislation, the Financial Freedom Act of 1999, provides the means to **pay down the national debt by \$924 billion** over the next five years while providing **\$156 billion in tax cuts** for the American people. By contrast, the President's debt reduction plan provides only \$823 billion in debt relief and actually *increases* taxes by \$26 billion. *That means Congress' plan gives \$100 billion more in debt reduction over the next five years compared to the President's plan, not to mention tax cuts in place of his tax hike.* Over ten years the results are even more dramatic, with debt reduction in Congress' plan exceeding that in the Administration's plan by \$200 billion.

Debt Reduction, Tax Relief, and New Spending Over 5 Years (in billions of dollars)

Over Five Years	Congress' Plan	President's Plan
Debt Reduction	\$924 billion	\$823 billion
Tax Relief	\$156 billion	\$26 billion <i>INCREASE</i>
New Spending	<i>NONE</i>	\$283 billion

H.R. 2488 is designed to use the growing budget surplus in the most efficient, fiscally responsible way possible. Our highest priorities must be to pay down the national debt, secure Social Security and Medicare for our citizens' future, and return every remaining cent to the American people in tax relief. That's exactly what this bill does. Over the next 10 years, three of every four non-Social Security surplus dollars will be set aside for debt repayment, and one will be returned to the American people.

According to our plan, tax cuts will be deferred unless the projected surpluses are realized. Tax cuts will not come at the expense of debt repayment, Social Security, or Medicare.

Our bill's tax provisions will phase out the estate and gift tax over a ten-year period, cut income tax rates, and reduce the capital gains tax. Further, it will provide tax breaks for education and medical care, and bring relief from the marriage penalty by increasing the standard deduction for married couples to twice that of a single person. Each of these provisions is designed to help increase personal savings and investment, and allow families to keep more of their hard-earned income. The tax savings for Wisconsin alone is expected to reach an average of \$8,135 per household over the next 10 years.

In spite of President Clinton's attacks, the GOP-sponsored tax cut plan passed by Congress in August greatly bolsters the financial security of both the federal budget and individual American families. The Financial Freedom Act does not leave a single dollar on the table to be used for more government spending. With his lower debt reduction and tax increase, President Clinton leaves \$283 billion on the table for a spend-a-thon to finance new government programs over the next five years.

Reducing the national debt and cutting Americans' taxes have always been my highest priorities. Last year was the first year since the 1960s in which our budget did not operate at a deficit. In fact, we took our first steps toward paying down the nation's debt in 1998, and this positive trend is expected to continue for the foreseeable future. As budget surpluses continue to rise, the United States is expected to reduce its publicly held debt by \$102 billion through the end of 1999. This is great news for our nation's financial future. I voted in favor of giving citizens back a measure of control over their health, their education, their finances, and their future. This long-overdue debt reduction and tax relief package passed the House on August 5, 1999, by a vote of 221 to 206. The President has threatened to veto it.



TOWN HALL MEETINGS
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TAX CUT PROVISIONS.....
SEE PAGE 2

TAX CUT PROVISIONS PASSED BY THE HOUSE IN AUGUST

Republicans are setting aside 75 cents of every surplus dollar to pay down the national debt and to strengthen Social Security, Medicare, education, and the military. As long as projected surpluses are realized, the remaining 25 cents will be returned to hard-working Americans in tax relief over the next 10 years. This bill:

➤ **Reduces income tax rates across-the-board by 1 percentage point:**

.....Phased in by 2003 for the 15% bracket; all others drop between 2005-2008.

➤ **Provides marriage penalty relief by doubling the standard deduction for married couples:**

.....Phased in over the first 5 years.

➤ **Eliminates the estate and gift taxes:**

.....Phased in over 10 years.

➤ **Reduces individual capital gains rates:**

.....Effective immediately; also indexes capital gains rates to inflation effective in 2000.

➤ **Increases contribution limits for Education Savings Accounts (ESAs) from \$500 to \$2000:**

.....Effective immediately.

➤ **Increases Individual Retirement Account (IRA) contribution limits from \$2000 to \$5000:**

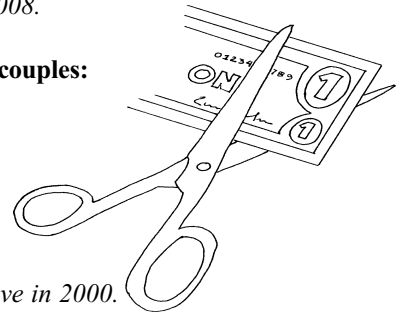
.....Phased in over 10 years.

➤ **Creates a health insurance deduction for the self-employed in addition to long-term and elderly patient care deductions:**

.....Effective immediately.

➤ **Extends the welfare-to-work tax credit:**

.....Effective for 2 ½ years.



ED-FLEX: GIVING TODAY'S CHILDREN A BRIGHTER TOMORROW

As our children once again board school buses and return to the classroom this fall, they will face a brighter tomorrow due in part to Congress' bipartisan passage of H.R. 800, the Ed-Flex Partnership Act in April, 1999.

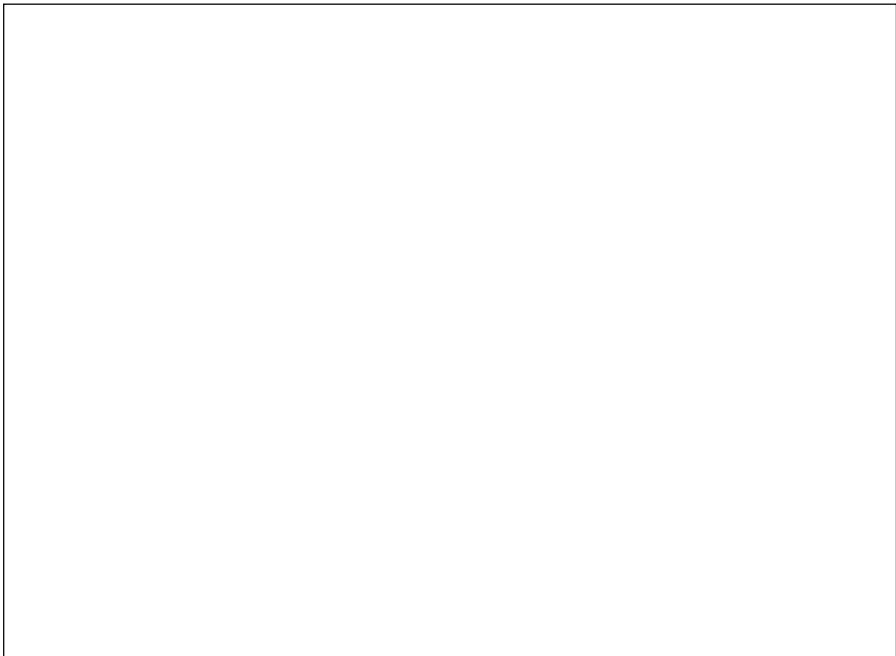
Until last Spring, only twelve states were authorized to participate in the Education Flexibility Partnership Demonstration Program. Wisconsin was not one of these states. The Ed-Flex Partnership Act of 1999 extends this program to all fifty states and adds further accountability measures for performance and results.

Under the Ed-Flex Program, the Secretary of Education waives certain federal education requirements that interfere with a state or district's ability to implement effective education reforms. Participating states agree to increased accountability for their students' performance in exchange for the flexibility to administer seven key federal education programs such as *Safe and Drug Free Schools and Communities* and *Technology for Education of All Students* in the way most appropriate to the particular state or locality. Each participating state must

also either have or be working toward a comprehensive reform plan, including approved content standards, performance measures, and assessments. In other words, each state that applies to the Department of Education to become an Ed-Flex state must have measurable objectives in mind for improving the education it provides to its children.

Ed-Flex is a valuable program. Our tax dollars are better-spent investing in our children's future than in subsidizing the vast Washington education bureaucracy and the regulations that the bureaucracy spawns. No one is better-suited, after all, to decide how best to teach our children than the teachers, principals, and even local school board members who see them each day.

This is only the first in a series of steps necessary to send more federal education dollars back to the states, school districts, and classrooms where they belong. Congress must continue to work to improve the education available to each and every American child. I supported the Ed-Flex bill, and I commend its passage by the House and Senate.



Congressman Sensenbrenner is photographed with 1999 summer interns, (l-r) Chris Mohr of Hartland, Sarah Bartlett of Oconomowoc, and Ross Paterson of Manchester, England. Mohr, Bartlett, and Paterson performed many duties in the Washington, DC office, and proved a valuable asset to the office as they experienced government from an insider's perspective.

Y2K

STRESSING RESPONSIBILITY, LIMITING LIABILITY

While U.S. industry has been working overtime to assess and correct the Y2K problem, the United States faces still another threat from the so-called Y2K bug: litigation. It was estimated that U.S. companies will spend two to three times as much on Y2K litigation as will be spent by organizations and individuals on fixing Y2K glitches. Projected combined costs of Y2K litigation to businesses, individuals, the courts, and the government have run as high as \$1 trillion. In 1998, an American Bar Association panel predicted that the legal costs of Y2K would exceed those of asbestos, breast implants, tobacco, and Superfund litigation combined.

In order to combat the risk of uncontrolled litigation as a result of Y2K failures, a preemptive plan, the Y2K Readiness and Responsibility Act of 1999, became law. The House and Senate passed the bipartisan Y2K Act of 1999 this spring, and overwhelmingly agreed to the Conference Report on July 1, 1999. I cosponsored the Y2K Act and was one of three House Judiciary Committee Republicans assigned to negotiate a final Y2K bill with the Senate.

Specifically, the Y2K Act calls on companies to take all necessary action to ensure Y2K compliance and avoid catastrophic computer failures. Companies that make good-faith efforts to prevent Y2K computer failures will be shielded from punishing litigation and those companies that ignore the need to make their computer systems Y2K compliant will be penalized.

Additionally, this legislation assesses Y2K liti-

gants' liability only in proportion to their involvement. It establishes uniform legal standards for all businesses and users of computer-related technology. Finally, it establishes a waiting period before litigation may commence in Y2K disputes to encourage resolution without costly and time-consuming lawsuits.

Both government and private enterprise have recently engaged in an all-out campaign to exterminate the Y2K bug before it bites. However, Y2K-related failures may still occur. Litigation threatens to run wild without a pre-approved plan to deal with possible Y2K failures. Businesses small and large would wind up the losers as litigation costs skyrocket and each new day is greeted by a new lawyer.

The Y2K Readiness and Responsibility Act represents a bipartisan effort to confront one of the most pressing problems the U.S. faces as the 20th Century comes to a close. In spite of the Administration's repeated veto threats as House and Senate committees hammered out the details of this important legislation, the bill received broad-based support from the Year 2000 Coalition and the Information Technology Industry Council.

The Y2K Act's common-sense provisions take essential steps toward preempting the potential Y2K litigation explosion. By eliminating the threat of many frivolous lawsuits, computer technology companies, software manufacturers, small businesses, and government agencies can now focus exclusively on fixing the problem rather than preparing their legal teams. ■

TOWN HALL MEETINGS

Saturday, September 11

10:00 a.m.

Delafield City Hall
500 Genesee St.

Sunday, September 12

4:00 p.m.

Mayville City Hall
15 S. School St.

Saturday, September 18

9:00 a.m.

Sheboygan Falls City Hall
375 Buffalo St.

1:00 p.m.

Port Washington Police Dept.
365 N. Wisconsin St.

Sunday, September 19

4:00 p.m.

Brookfield Safety Building
2100 Calhoun Rd.

Saturday, September 25

9:00 a.m.

Hartland Village Hall
210 Cottonwood Ave.

1:00 p.m.

Cedarburg City Hall
W63 N645 Washington Ave.

Sunday, September 26

12:00 noon

Jefferson City Hall
317 S. Main St.

Saturday, October 2

9:00 a.m.

Germantown Village Hall
N112 W17001 Mequon Rd.

1:00 p.m.

Grafton Village Hall
1971 Washington St.

Sunday, October 3

3:00 p.m.

Horicon City Hall
404 E. Lake St.

Sunday, October 10

4:00 p.m.

Richfield Town Hall
4128 Hubertus Rd.

Saturday, October 16

9:00 a.m.

Oconomowoc City Hall
174 E. Wisconsin Ave.

1:00 p.m.

Lake Mills City Hall
200 Water St.

Sunday, October 17

12:00 noon

Menomonee Falls Village Hall
W156 N8480 Pilgrim Rd.



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Town Hall Meetings and Office Hours provide me the chance to hear your views on the issues before Congress or to help you with problems you may be experiencing in dealing with a federal agency. I look forward to seeing you at the next meeting nearest your home. Please contact my district office if you require special accommodations to attend.

Congressman

JIM

SENSENBRENNER



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